

Message Text

UNCLASSIFIED

PAGE 01 LONDON 08383 261510Z
ACTION EUR-12

INFO OCT-01 EA-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 /129 W
-----126058 270254Z /14

R 261505Z MAY 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 6546
TREASURY DEPT WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BELFAST
AMCONSUL EDINBURGH
USMISSION GENEVA
USDOC WASHDC

UNCLAS LONDON 08383

USEEC ALSO FOR EMBASSY
USOECN ALSO FOR EMBASSY
USMTN

DEPARTMENT PASS FEDERAL RESERVE BOARD; TREASURY FOR
DONALD E. SYVRUD, OASIA

E.O. 11652: N/A
TAGS: ECON, UK
SUBJECT: BANK OF ENGLAND TO FIX MLR

1. THE BANK OF ENGLAND ANNOUNCED MAY 25 THAT IT WOULD
NO LONGER SET THE MINIMUM LENDING RATE (MLR) BY ITS
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MARKET-RELATED FORMULA. IN THE FUTURE, THE GOVERN-
MENT BROKER WILL ANNOUNCE THE WEEK'S MLR TO THE STOCK
EXCHANGE ON THURSDAY AT 12:30. THE BANK ALSO STATED
THAT MLR WOULD REMAIN AT 9 PERCENT UNTIL FURTHER
NOTICE.

2. THE MOVE RESTORES THE METHOD THE BANK OF ENGLAND

EARLIER USED TO DETERMINE THE "BANK RATE". THE BANK NOTED THAT IT BELIEVED THE MLR-TREASURY BILL RATE LINK HAD WORKED WELL, BUT LED OCCASIONALLY TO ERRATIC MOVEMENTS IN INTEREST RATES AND TO CONFUSION AS TO THE VIEWS OF THE AUTHORITIES.

STREATOR

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, LOANS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 26 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON08383
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Document Unique ID: 00
Drafter: n/a
Enclosure: ALSO FOR USOECD AND USMTN
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780224-0074
Format: TEL
From: LONDON
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t19780515/aaaaamby.tel
Line Count: 69
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c3e1b695-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2552773
Secure: OPEN
Status: NATIVE
Subject: BANK OF ENGLAND TO FIX MLR
TAGS: ECON, UK
To: STATE TRSY MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c3e1b695-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
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20 Mar 2014
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